



April 15, 2010

State of Utah

Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple – Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Dear Wayne and Paul:

Attached are the updated Surety Bond Recalculation worksheets for the 2010 year. The revisions that were discussed in the April 8 meeting were made. Please review these new spreadsheets and see if any further modifications should be made.

If you have any questions please call or e-mail at your convenience.

Sincerely,

Alysén Pedersen
Mine Geologist

Palladon Iron Corporation
6249 West Gilbert Industrial Court
Hurricane, UT 84737
Phone: 435.627.1899
Fax: 435.627.2938

RECEIVED

APR 20 2010

DIV. OF OIL, GAS & MINING

Bonding Calculations

Direct Costs

Subtotal Demolition and Removal	\$100,526.03
Subtotal Backfilling and Grading	\$69,561.83
Subtotal Revegetation	\$321,920.00
Direct Costs	\$492,007.86

Indirect Costs

Mob/Demob	\$49,201.00	10.0%
Contingency	\$24,600.00	5.0%
Engineering Redesign	\$12,300.00	2.5%
Main Office Expense	\$33,457.00	6.8%
Project Mainagement Fee	\$12,300.00	2.5%
Subtotal Indirect Costs	\$131,858.00	26.8%

Total Cost 2009 \$623,865.86

Number of years	5
Escalation factor	0.013
Escalation	\$41,619.00

Reclamation Cost Escalated \$665,484.86

Bond Amount (rounded to nearest \$1,000) \$665,000.00
2013 Dollars

Posted Bond \$1,426,000.00

Difference Between Cost Estimate and Bond \$761,000.00
Percent Difference

Seeding

Ref #	Area	Description	Materials	Unit Cost	Unit	Quantity	Unit	Total Cost
1	Burke Pit Road	Level Areas/Road	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	3.19	Acre	3,190.00
2	Black Hawk	Lean Ore Stockpile	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	3.19	Acre	3,190.00
3		Lean Ore Pile Road	-	-	-	-	-	-
4		Fines area and Road	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	2.92	Acre	2,920.00
5	Duncan	Duncan Pit	-	\$1,000.00	-	11.57	-	11,570.00
6		Duncan Pit Road	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	2.2	Acre	2,200.00
7		Access Road from Highway	-	-	-	-	-	-
8		Access Road from Tip Top	-	-	-	-	-	-
9		Load Out Area	-	\$1,000.00	\$/Acre	26.48	Acre	26,480.00
10		Dump Top	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	1.44	Acre	1,440.00
11		Dump Slope	-	-	-	-	-	-
12		Topsoil Borrow Area	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	1.68	Acre	1,680.00
13	Tip Top	Dump Top	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	31.8	Acre	31,800.00
14		Dump Slope	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	0.87	Acre	870.00
15		Pit	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	1.09	Acre	1,090.00
16		Road-Post-Ad Disturbed	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	0.96	Acre	960.00
17		Road-Outslopes and Cuts	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	1.51	Acre	1,510.00
18	Excelsior/Chesapeake	Pit and Road	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	1.4	Acre	1,400.00
19		Dump Slope	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	5.83	Acre	5,830.00
20		Level Area	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	3.02	Acre	3,020.00
21		Road-Post-Ad Disturbed	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	1.15	Acre	1,150.00
22	Future Min Lion Dump	Dump Top	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	1.36	Acre	1,360.00
23		Dump Slopes	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	1.17	Acre	1,170.00
24		Roads	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	6.7	Acre	6,700.00
25	Min Lion Pit	Pit Bottom	-	-	-	24.6	Acre	24,600.00
26		Pit Bottom	-	-	-	9.19	Acre	9,190.00
27		Pit slopes	-	-	-	2.28	Acre	2,280.00
28		Pit slopes	-	-	-	36.07	-	36,070.00
29		Pit benches	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	-	-	-
30		Pit benches	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	-	-	-
31		Pit roads	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	2.48	Acre	2,480.00
32	Min Lion Dump	Dump top	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	11.33	Acre	11,330.00
33		Dump top	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	6.72	Acre	6,720.00
34		Dump slopes	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	20.53	Acre	20,530.00
35		Dump slopes	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	21.54	Acre	21,540.00
36		Pit roads	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	4.98	Acre	4,980.00
37	Anthill	Borrow Area	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	7.8	Acre	7,800.00
38	Railroad Spur	Level Area	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	1.4	Acre	1,400.00
39	Railroad Spur	Level Area	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	2.41	Acre	2,410.00
40	Comstock	Pit	-	-	-	38.13	Acre	38,130.00
41		Pit benches	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	2.06	Acre	2,060.00
42		Lean Ore Stockpile	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	2.06	Acre	2,060.00
43		Lean Ore Stockpile	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	2.96	Acre	2,960.00
44		Dump Slopes	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	2.11	Acre	2,110.00
45		Dump Extension	-	-	-	5.07	-	5,070.00
46		Maintenance Shop area	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	-	-	-
47		Ore Handling Area	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	14.64	Acre	14,640.00
48		Road over Dump	-	-	-	38.47	Acre	38,470.00
49		Road near Load Out	-	-	-	17.72	Acre	17,720.00
50		Road to Min Lion Dump	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	42.5	Acre	42,500.00
51		Two small wedges	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	8.94	Acre	8,940.00
52		Dump Slopes	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	16.58	Acre	16,580.00
53		Ore Handling Area-South	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	-	-	-
54		Tipple (Foundation)	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	-	-	-
55		Transformer	-	-	-	-	-	-
56	To be Decided	2 for 1 Reclamation area	seed, electric broadcaster mounted on CAT D10T, compost	\$1,000.00	\$/Acre	11.07	-	11,070.00
						6.6	Acre	6,600.00
						6.6	Acre	6,600.00
						321.92		321,920.00

Demolition Costs

[illegible]

TOTAL:	93,744.76
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Disposal Costs

Ref #	Area	Description	Materials	Means Reference Number	Unit Cost	Unit	Volume	Unit	Total Cost	
1	Burke Pit Road	Level Areas/Road	-	-	-	-	0	-	0.00	
2	Black Hawk	Lean Ore Stockpile	-	-	-	-	-	-	-	
3		Lean Ore Pile Road	-	-	-	-	-	-	-	
4		Fines area and Road	-	-	-	-	0	-	0.00	
5	Duncan	Duncan Pit (old powder shed)	Demolition Material	Iron County Municipal Landfill	17.00	\$/C.Y	196.01	C.Y	3,332.25	
6		Duncan Pit Road	-	-	-	-	-	-	-	
7		Access Road from Highway	-	-	-	-	-	-	-	
8		Access Road from Tip Top	-	-	-	-	-	-	-	
9		Load Out Area	-	-	-	-	-	-	-	
10		Dump Top	-	-	-	-	-	-	-	
11		Dump Slope	-	-	-	-	-	-	-	
12		Topsoil Borrow Area	-	-	-	-	-	-	-	
13		Tip Top	Dump Top	-	-	-	-	-	-	3,033.64
14			Dump Slope	-	-	-	-	-	-	-
15	Pit		-	-	-	-	-	-	-	
16	Road-Post-Act Disturbed		-	-	-	-	-	-	-	
17		Road-Outslopes and Cuts	-	-	-	0.00	-	-	0.00	
18	Excelsior/Chesapeake	Pit and Road	-	-	-	-	-	-	-	
19		Dump Slope	-	-	-	-	-	-	-	
20		Level Area	-	-	-	-	-	-	-	
21		Road-Post-Act Disturbed	-	-	-	-	0	-	0.00	
22	Future Mtn Lion Dump	Dump Top	-	-	-	-	-	-	-	
23		Dump Slopes	-	-	-	-	-	-	-	
24		Roads	-	-	-	-	0	-	0.00	
25	Mtn Lion Pit	Pit Bottom	-	-	-	-	-	-	-	
26		Pit Bottom	-	-	-	-	-	-	-	
27		Pit slopes	-	-	-	-	-	-	-	
28		Pit slopes	-	-	-	-	-	-	-	
29		Pit benches	-	-	-	-	-	-	-	
30		Pit benches	-	-	-	-	-	-	-	
31		Pit roads	-	-	-	-	0	-	0.00	
32	Mtn Lion Dump	Dump top (old powder shed)	Demolition Material	Iron County Municipal Landfill	17.00	\$/C.Y	196.01	C.Y.	3,332.25	
33		Dump Top	-	-	-	-	-	-	-	
34		Dump slopes	-	-	-	-	-	-	-	
35		Dump slopes	-	-	-	-	-	-	-	
36		Pit roads	-	-	-	-	-	-	3,033.64	
37	Anthill	Borrow Area	-	-	-	-	0	-	0.00	
38	Railroad Spur	Level Area (concrete slab along the spur)	Demolition Material	Iron County Municipal Landfill	17.00	\$/C.Y	13.89	C.Y.	236.11	
39	Railroad Spur	Level Area (concrete slab along the spur)	Demolition Material	Iron County Municipal Landfill	17.00	\$/C.Y	13.89	C.Y.	472.22	
40	Comstock	Pit	-	-	-	-	-	-	-	
41		Pit benches	-	-	-	-	-	-	-	
42		Lean Ore Stockpile	-	-	-	-	-	-	-	
43		Lean Ore Stockpile	-	-	-	-	-	-	-	
44		Dump Slopes	-	-	-	-	-	-	-	
45		Dump Extension	-	-	-	-	-	-	-	
46		Maintenance Shop area	-	-	-	-	-	-	-	
47		Ore Handling Area	-	-	-	-	-	-	-	
48		Road over Dump	-	-	-	-	-	-	-	
49		Road near Load Out	-	-	-	-	-	-	-	
50		Road to Mtn Lion Dump	-	-	-	-	-	-	-	
51		Two small wedges	-	-	-	-	0	-	0.00	
52	Ui Mtn Lion/Comstock Processing Area	Dump Slopes	-	-	-	-	-	-	-	
53		Ore Handling Area-South	-	-	-	-	-	-	-	
54		Tripple (concrete foundation)	Demolition Material	Iron County Municipal Landfill	17.00	\$/C.Y	14.22	C.Y.	241.78	
55		Transformer	-	-	-	-	-	-	241.78	
56	To be Decided	2 for 1 Reclamation area	-	-	-	-	0	-	-	

*For the Square Footage, there is an assumed thickness of 1 ft. for the conversion to cubic footage

6,781.28